

February 11, 2005

BY OVERNIGHT MAIL

Thomas Dorman, Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602

Active
0505-4740-0505
22205-474-0510
9500

FEB 14 2005

Re: IDS Telcom Corp. and IDS Telcom, LLC

05652090-0505 } *INACTIVE*
22205209-0510 }

Dear Mr. Dorman:

MCG Capital Corporation ("Buyer"), IDS Telcom Corp. ("New IDS") and IDS Telcom, LLC ("Old IDS") (together with Buyer and New IDS, "the Parties"), through their undersigned counsel, hereby notify the Public Service Commission of Kentucky ("Commission") that the Parties will engage in a series of transactions whereby New IDS (directly) and its ultimate indirect owner Buyer (through its wholly owned portfolio investment company, Cleartel Communications, Inc.) will acquire the assets of Old IDS, including Old IDS's Kentucky customer base, and all other assets associated with its telecommunications services operations ("Assets"). Following that transaction, Old IDS will cease to provide service in Kentucky and current Kentucky customers of Old IDS will be served by New IDS.

Based on a review of Kentucky law, the Parties understand that Commission approval is not required in connection with the proposed transaction. The Parties therefore submit this notice as a courtesy and respectfully request that the Commission retain this notice in the appropriate file.

The Parties emphasize that although the proposed transactions will result in a transfer of customers from Old IDS to New IDS, the transfer will be seamless and immediately following the proposed transactions, those customers will continue to receive service under the same rates, terms, and conditions of service as the services those customers currently receive. Moreover, because New IDS will continue to provide service under the "IDS" brand name, using the same IDS facilities and Assets, the transition will be virtually transparent to consumers of Old IDS's services in Kentucky in terms of the services that those consumers receive.

As set forth below, New IDS -- through Buyer -- has both significant financial resources and substantial experience in owning and operating regulated telecommunications services. As a result,

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the proposed transactions are structured to ensure that existing Old IDS customers will continue to enjoy uninterrupted service, while allowing the IDS operations to obtain needed financial resources.

In support of this Notification, the Parties provide the following information:

I. DESCRIPTION OF THE PARTIES

A. IDS Telcom, LLC

IDS Telcom, LLC ("Old IDS") is a leading integrated communications provider that operates within the southeastern U.S. providing competitive telecommunications service mainly to residential and small to medium-sized business customers. Old IDS offers a range of resold and facilities based telephone services, including voice and data private lines. Old IDS provides service over a state-of-the-art optical fiber network in Florida and via resold and unbundled network element arrangements with the ILEC elsewhere.

In addition to its operations in Kentucky, Old IDS is currently authorized by virtue of certification or other authorization to provide service throughout the BellSouth territory except in Louisiana. Old IDS is also authorized by the Federal Communications Commission ("FCC") to provide interstate and international services. In Kentucky, Old IDS is authorized to provide (1) competitive local exchange telecommunications services under Utility ID 5052090, and (2) resold and facilities-based interexchange services under Utility ID 22205209. Further information concerning Old IDS and the services it provides have been previously submitted to the Commission, is publicly available, and is incorporated herein by reference.

B. MCG Capital Corporation/IDS Telcom Corp.

MCG Capital Corporation ("Buyer"), the ultimate owner (through its portfolio investment company, Cleartel Communications, Inc.) of IDS Telcom Corp. ("New IDS"), is a corporation formed under the laws of the State of Delaware with principal offices located at 1100 Wilson Boulevard, Suite 3000, Arlington, Virginia 22209. MCG is a solutions-focused publicly held financial services company (traded on the NASDAQ under the MCGC symbol) that provides financing and advisory services to a variety of small- and medium-sized companies throughout the United States with a focus on growth oriented companies.

MCG has ample managerial, technical, and financial qualifications to own and control New IDS and oversee the operations currently conducted by Old IDS. In Kentucky, MCG currently holds an indirect controlling interest in NOW Communications, Inc. d/b/a Cleartel Communications, Inc., ("NOW") which is currently authorized to operate in Kentucky as a competitive local exchange carrier (Utility ID 5054140) and a reseller and facilities-based interexchange carrier (Utility ID 22205414). MCG also holds an indirect interest in Metropolitan Telecommunications of Kentucky, Inc. which holds authority to provide local and interexchange services in Kentucky. *See* Docket No. 61-1769. In addition, MCG has previously

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held or currently holds interests in a number of telecommunications companies, including BridgeCom International, Inc., TruCom Corporation, Broadview Networks, Inc, Broadview NP Acquisition Corp., and nii communications, Inc. MCG's continuing involvement in overseeing the regulated operations of these companies has provided MCG's management team with extensive telecommunications management experience.

Moreover, MCG has access to extensive financial resources. As of year end 2003, MCG had total assets of more than \$791 million, including financial investments of more than \$682 million, with total liabilities of approximately \$367 million. MCG has positive shareholders' equity of approximately \$464 million and had net income in 2003 of \$41.9 million, including operating income of more than \$71.7 million. Information regarding MCG's financing and results of operations can be found in MCG's 2002 Annual Report available on line at: <http://investor.mcgcapi.com/> and is incorporated herein by reference.

II. CONTACTS

Questions or any correspondence, orders, or other materials pertaining to this Notification should be directed to the following.

For Buyer or New IDS:

Catherine Wang
Edward S. Quill, Jr.
Swidler Berlin LLP
3000 K Street NW
Suite 300
Washington, DC 20007
(202) 424-7500 (Tel)
(202) 424-7645 (Fax)
CWang@swidlaw.com (E-Mail)
ESQuill@swidlaw.com (E-Mail)

And a copy to:

Scott Kellogg
IDS Telcom Corp.
205 West Wacker, Suite 2333
Chicago, IL 60606
(312) 658-1056 (Tel)
(312) 658-5487 (Fax)
skellogg@cleartel.com (E-mail)

For Old IDS to:

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Joseph Millstone
Chief Executive Officer
IDS Telcom, LLC
1525 NW 167th Street
Suite 200
Miami, FL 33169
(305) 612-4105 (Tel)
(305) 913-4011 (Fax)
jmillstone@IDSTelcom.com (E-Mail)

III. DESCRIPTION OF THE TRANSACTIONS

The Parties propose to complete a series of transactions (“Transactions”) through which New IDS, a wholly-owned direct subsidiary of Buyer’s portfolio investment company Cleartel Communications, Inc., will acquire all of the assets of Old IDS. New IDS is a recently created Delaware corporation with headquarters located at 2855 S. Congress Ave., Delray Beach, FL 33455.¹ New IDS and Old IDS have entered into an Asset Purchase Agreement (“Agreement”) dated as of February 8, 2005.² Pursuant to that Agreement, New IDS will acquire all of the operations, customers, and other Assets of Old IDS. As a result of the proposed Transactions, New IDS will replace Old IDS as the service provider operating in Kentucky. An illustrative chart of the proposed Transactions is provided in Exhibit A.

New IDS is well-qualified to provide service in Kentucky. In connection with the proposed Transactions, New IDS will acquire all of the assets of Old IDS and will therefore own all of the assets and facilities currently used to provide service to customers in Kentucky. New IDS’s operations will be overseen by a well-qualified management team with substantial telecommunications experience and technical expertise. New IDS will draw upon the expertise of the management team of its direct parent company, Cleartel Communications, Inc., which likewise manages the operations of Cleartel’s other wholly owned Tennessee operating subsidiary, NOW. New IDS will also have access to the management team of Old IDS, which is highly experienced and has substantial technical and managerial expertise. New IDS will also have access to the highly qualified management team and substantial financial resources of MCG.

Although as a technical matter Old IDS customers will be transferred from Old IDS to New IDS in connection with the proposed Transactions, the Parties emphasize that the migration of the IDS customers from Old IDS to New IDS will be transparent to the customers. Affected Old IDS customers will be notified in writing of the transfer of their service to New IDS and of

¹ A copy of the New IDS’s authority to conduct business in Kentucky is provided in Exhibit B.

² A copy of the Agreement will be provided upon request.

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their rights under federal law pursuant to the applicable rule of the FCC.³ New IDS will acquire the "IDS" name and will continue to provide service under the "IDS" brand following the Transactions. In Kentucky, Old IDS operates pursuant to tariffs on file with the Commission. Immediately following the proposed transaction, New IDS will provide service under the same rates, terms, and conditions as now apply to Old IDS's service. Accordingly, New IDS will adopt all of Old IDS's tariffs.⁴ As a result, the Transactions will be transparent to customers of Old IDS in terms of the services those customers receive.

IV. PUBLIC INTEREST STATEMENT

The proposed Transactions described above will serve the public interest by ensuring that IDS customers enjoy continuity of high-quality telecommunications service. As demonstrated above, New IDS has the technical, managerial and financial resources required to ensure that New IDS can provide high quality services in Kentucky. New IDS is well-qualified to replace Old IDS as the service provider in Kentucky.

The proposed Transaction will not cause customer confusion. Because there will be no change in the "IDS" brand name and the rates, terms and conditions of service will all continue without change, the proposed Transactions will be virtually transparent to customers in Kentucky in terms of the services those customers receive. Indeed, New IDS proposes to adopt the same tariffs currently on file for Old IDS. In sum, the proposed Transactions are expected to enhance the ability of the Parties, to provide high-quality telecommunications services in Kentucky which should invigorate competition and thereby benefit consumers of telecommunications services in Kentucky.

V. CONCLUSION

For the reasons stated above, the Parties respectfully submit that the public interest, convenience, and necessity would be furthered by the Transactions. An original and ten (10) copies of this letter are enclosed. Please date stamp the enclosed extra copy and return it to us in the provided self-addressed stamped envelope.

Respectfully submitted,



Catherine Wang
Edward S. Quill, Jr.

³ 47 C.F.R. § 64.1120(e). A copy of the form of the customer notice letter which will be sent to such customers is provided in Exhibit C.

⁴ Adoption notices for the tariffs are provided in Exhibit D.

List of Exhibits

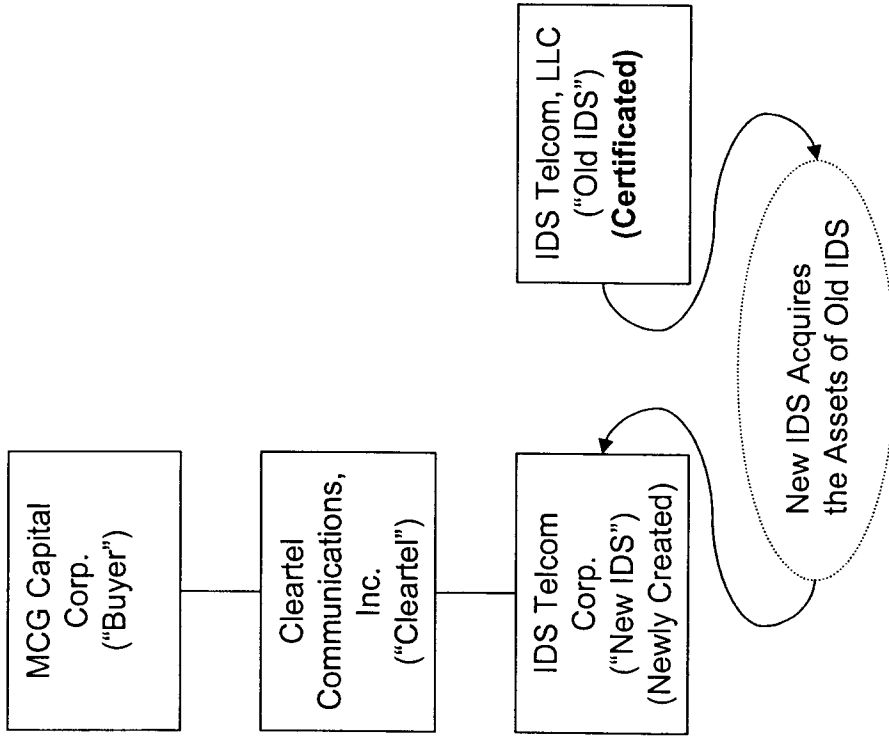
Exhibit A	-	Illustrative Chart
Exhibit B	-	New IDS Corporate Documents
Exhibit C	-	Customer Notice Letter
Exhibit D	-	Tariff Adoption Notice
Verifications		

EXHIBIT A

Illustrative Chart

Illustrative Chart

Pre-Transaction



Post-Transaction

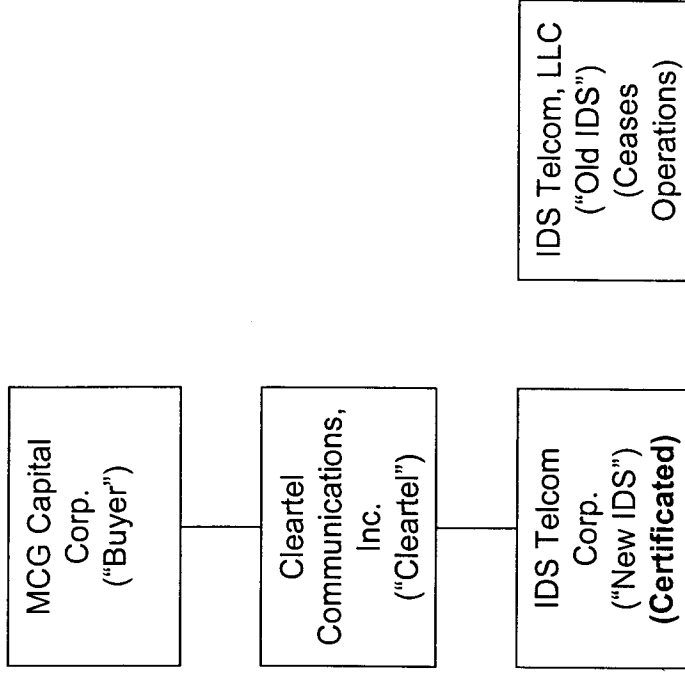


EXHIBIT B

New IDS Corporate Documents

Delaware

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The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "IDS TELCOM CORP." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE FIFTH DAY OF JANUARY, A.D. 2005.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE NOT BEEN ASSESSED TO DATE.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "IDS TELCOM CORP." WAS INCORPORATED ON THE FOURTH DAY OF JANUARY, A.D. 2005.



Harriet Smith Windsor
Harriet Smith Windsor, Secretary of State

3907301 8300

AUTHENTICATION: 3596975

050008162

DATE: 01-05-05

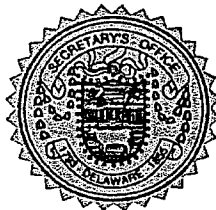
Delaware

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The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "IDS TELCOM CORP.", FILED IN THIS OFFICE ON THE FOURTH DAY OF JANUARY, A.D. 2005, AT 5:38 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.



3907301 8100

050006555

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 3595916

DATE: 01-04-05

State of Delaware
Secretary of State
Division of Corporations
Delivered 05:45 PM 01/04/2005
FILED 05:38 PM 01/04/2005
SRV 050006555 - 3907301 FILE

CERTIFICATE OF INCORPORATION

OF

IDS TELCOM CORP.

Pursuant to § 102 of the General Corporation Law of the State of Delaware

The undersigned, in order to form a corporation pursuant to Section 102 of the General Corporation Law of Delaware, does hereby certify:

FIRST: The name of the Corporation is IDS Telcom Corp. (the "Corporation").

SECOND: The address of the Corporation's registered office in the State of Delaware is 2711 Centerville Road, Suite 400 in the City of Wilmington, County of New Castle, Delaware 19808. The name of its registered agent at such address is Corporation Service Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH: The total number of shares of all classes of capital stock which the Corporation shall have the authority to issue is 1,000 shares of which:

500 shares, par value \$0.01 per share, shall be shares of common stock (the "Common Stock"); and

500 shares, par value \$0.01 per share, shall be shares of preferred stock (the "Preferred Stock").

A. Common Stock.

(1) Dividends. The holders of shares of Common Stock shall be entitled to receive, when and if declared by the Board of Directors, out of the assets of the

Corporation which are by law available therefor, dividends payable either in cash, in property, or in shares of Common Stock.

(2) Voting Rights. At every annual or special meeting of stockholders of the Corporation, every holder of Common Stock shall be entitled to one vote, in person or by proxy, for each share of Common Stock standing in his name on the books of the Corporation.

(3) Liquidation, Dissolution, or Winding Up. In the event of any voluntary or involuntary liquidation, dissolution, or winding up of the affairs of the Corporation, after payment or provision for payment of the debts and other liabilities of the Corporation, if any, the holders of all outstanding shares of Common Stock shall be entitled to share ratably in the remaining net assets of the Corporation.

B. Preferred Stock. The Board of Directors is authorized, subject to limitations prescribed by law, to provide by resolution or resolutions for the issuance of shares of Preferred Stock in one or more series, to establish the number of shares to be included in each such series, and to fix the voting powers (if any), designations, powers, preferences, and relative, participating optional or other rights, if any, of the shares of each such series, and any qualifications, limitations or restrictions thereof. Irrespective of the provisions of Section 242(b)(2) of the DGCL, the number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting power of the stock of the Corporation entitled to vote, without the separate vote of the holders of the Preferred Stock as a class.

FIFTH: The name and mailing address of the Incorporator is as follows:
Melanie J. Bosman, 523 McColley Street, Milford, DE 19963.

SIXTH: The Board of Directors is expressly authorized to adopt, amend, or repeal the Bylaws of the Corporation.

SEVENTH: Elections of directors need not be by written ballot unless the by-laws of the Corporation shall otherwise provide.

EIGHTH: A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director; provided, however, that the foregoing shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of Delaware, or (iv) for any transaction from which the director derived an improper personal benefit. If the General Corporation Law of Delaware is hereafter amended to permit further elimination or limitation of the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law of Delaware as so amended. Any repeal or modification of this Article EIGHTH by the stockholders of the Corporation or otherwise shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

NINTH: Melanie J. Bosman, 523 McColley Street, Milford, Delaware is appointed as sole director of the Corporation until his successor is appointed in accordance with the by-laws of the Corporation or the Delaware General Corporation Law.

TENTH: The Corporation reserves the right to amend, alter, change, or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

IN WITNESS WHEREOF, I have hereunto set my hand this 4th day of January, 2005 and I affirm that the foregoing certificate is my act and deed and that the facts stated therein are true.

/s/ Melanie J. Bosman

Melanie J. Bosman, Incorporator



**Trey Grayson
SECRETARY OF STATE**

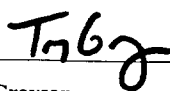
CERTIFICATE

I, **Trey Grayson**, Secretary of State for the Commonwealth of Kentucky, do hereby certify that the foregoing writing has been carefully compared by me with the original thereof, now in my official custody as Secretary of State and remaining on file in my office, and found to be a true and correct copy of

CERTIFICATE OF AUTHORITY OF

IDS TELCOM CORP. DOING BUSINESS IN KENTUCKY AS IDS TELCOM CORP. OF DELAWARE FILED JANUARY 28, 2005.





Trey Grayson
Secretary of State
Commonwealth of Kentucky

(Printed By: Tmorgan - Certificate ID: 10285)

COMMONWEALTH OF KENTUCKY
TREY GRAYSON
SECRETARY OF STATE

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Trey Grayson
Secretary of State
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Fee Receipt: \$90.00



APPLICATION FOR CERTIFICATE OF AUTHORITY

Pursuant to the provisions of KRS Chapter 271B, 273 or 274, the undersigned hereby applies for authority to transact business in Kentucky on behalf of the corporation named below and for that purpose submits the following statements:

- The corporation is a business corporation (KRS 271B). a nonprofit corporation (KRS 273). a professional service corporation (KRS 274).
- The name of the corporation is
IDS Telcom Corp.
- The name of the corporation to be used in Kentucky is
IDS Telcom Corp. of Delaware
(If "real name" is unavailable for use)
- Delaware is the state or country under whose law the corporation is incorporated.
- January 4, 2005 is the date of incorporation and the period of duration is perpetual
- The street address of the corporation's principal office is
2855 South Congress Avenue, Delray Beach, FL 33445
- The street address of the corporation's registered office in Kentucky is
421 West Main Street, Frankfort, KY 40601
and the name of the registered agent at that office is
Corporation Service Company d/b/a CSC-Lawyers Incorporating Service Company
- The names and usual business addresses of the corporation's current officers and directors are as follows:
President See attached Rider
Vice President _____
Secretary _____
Treasurer _____
Directors See attached Rider

(Attach a continuation sheet, if necessary)

- If a professional service corporation, all the individual shareholders, not less than one half of the directors, and all of the officers other than the secretary and treasurer are licensed in one or more states or territories of the United States or District of Columbia to render a professional service described in the statement of purposes of the corporation.
- A certificate of existence duly authenticated by the Secretary of State accompanies this application.
- This application will be effective upon filing, unless a delayed effective date and/or time is specified: _____
(Delayed effective date and/or time)

Scott Kellogg
Signature
SCOTT KELLOGG ASSISTANT SECRETARY
Type or Print Name & Title

Date: JANUARY 19, 2005

Corporation Service Company d/b/a
CSC-Lawyers Incorporating Service Company

I, _____, consent to serve as the registered agent on behalf of the corporation.

Type or print name of registered agent

By: *Carla Lohi*
Signature of Registered Agent

Carla Lohi
Asst. Vice President
Type or Print Name

IDS TELCOM CORP. OFFICER AND DIRECTOR INFORMATION RIDER

OFFICERS:

<u>Officer Name</u>	<u>Office</u>	<u>Address</u>
Kenneth Baritz	Chief Executive Officer & President	2855 South Congress Avenue Delray Beach, FL 33445
Jim Doherty	Chief Operating Officer	2855 South Congress Avenue Delray Beach, FL 33445
Don Zyck	Vice President-Finance	2855 South Congress Avenue Delray Beach, FL 33445
Terie Hannay	Vice President-Fiscal Operations	2855 South Congress Avenue Delray Beach, FL 33445
Michelle Baker	Treasurer	2855 South Congress Avenue Delray Beach, FL 33445
Michael Burman	Secretary	2855 South Congress Avenue Delray Beach, FL 33445
Scott Kellogg	Assistant Secretary	2855 South Congress Avenue Delray Beach, FL 33445

DIRECTOR:

Kenneth Baritz	2855 South Congress Avenue Delray Beach, FL 33445
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Delaware

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The First State

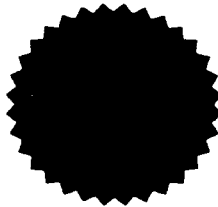
I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "IDS TELCOM CORP." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTY-FOURTH DAY OF JANUARY, A.D. 2005.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "IDS TELCOM CORP." WAS INCORPORATED ON THE FOURTH DAY OF JANUARY, A.D. 2005.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE NOT BEEN ASSESSED TO DATE.

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050057626



Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 3636635

DATE: 01-24-05

**WRITTEN CONSENT
OF THE SOLE DIRECTOR
OF
IDS Telcom Corp.
(a Delaware corporation)**

January 5, 2005

The undersigned, being the sole director of IDS Telcom Corp., a Delaware corporation (the "Corporation"), hereby consents, pursuant to Section 141(f) of the General Corporation Law of the State of Delaware (the "DGCL"), to the adoption of the following resolutions:

WHEREAS, the Board wishes to appoint a new director; and

WHEREAS, the Board wishes to issue and sell 500 shares (the "Common Shares") of the Common Stock, par value \$.01 per share, of the Corporation ("Common Stock"), to MCG Capital Corporation, a Delaware corporation ("MCG") for a total purchase price of \$100 (the "Purchase Price").

New Director

NOW, THEREFORE, BE IT RESOLVED, the number of Directors on the Board of Directors hereby is expanded from one to five and fixed at five Directors;

RESOLVED, that Kenneth Baritz is hereby elected as Director to the Board of Directors for a term beginning as of the date hereof and expiring when each Director's respective successor is elected and qualified or until his earliest death, resignation or removal;

Subscription Agreement

RESOLVED, that the issuance and sale of the Common Shares substantially on the terms and conditions in the subscription agreement by and among the Corporation and MCG in the form attached hereto as Exhibit A (the "Subscription Agreement"), be and the Subscription Agreement hereby is, authorized and approved;

RESOLVED, that the officers of the Corporation (collectively, the "Authorized Officers"), be, and each of them acting individually hereby is, authorized, empowered and directed, in the name and on behalf of the Corporation, to negotiate the terms and conditions of the Subscription

Agreement and to execute the Subscription Agreement, such execution to constitute conclusive evidence that the same has been authorized by the Corporation in every respect;

Issuance of Common Stock

RESOLVED, that upon receipt of the Purchase Price for the Common Shares to be issued to MCG, the Authorized Officers of the Corporation be, and hereby are, authorized and directed to issue, execute and deliver to MCG stock certificates representing such shares of Common Stock;

RESOLVED, that the form of stock certificate attached hereto as Exhibit B, is hereby adopted and prescribed as the respective form of stock certificate for Common Stock;

RESOLVED, that the shares of Common Stock issued and delivered by the Corporation pursuant to the foregoing resolutions shall be evidenced by certificates which shall have placed prominently thereon all legends required by federal law or the DGCL;

RESOLVED, that, when the Purchase Price for the Common Shares issued and sold by the Corporation shall have been received by the Corporation, such shares shall be duly and validly issued, fully paid and nonassessable shares, and that the consideration received therefor shall be credited to the appropriate capital accounts of the Corporation;

Bank Resolutions

RESOLVED, that the officers of this Corporation be, and each of them hereby is, authorized to designate such bank or banks as such officers shall deem appropriate as a depository or depositories for the funds of this Corporation; that the banking resolutions required by such bank or banks in order to open an ordinary checking account and such other accounts as the officers of this Corporation shall deem appropriate be, and they hereby are, adopted as the resolutions of this Board of Directors as if fully set forth herein; and that the officers of this Corporation be, and each of them hereby is, authorized to designate signatories to execute checks and other documents on behalf of this Corporation with respect to such accounts and to enter into such agreements as banks and trust companies customarily require as a condition for permitting the use of facsimile signatures; that the use of facsimile signatures for the signing or countersigning of checks, drafts or other orders for the payment of money is hereby authorized and approved; and that the officers of this Corporation be, and each of them hereby is, authorized and directed to execute and deliver, in the

name and on behalf of this Corporation and under its corporate seal or otherwise, any and all certificates, agreements, undertakings, authorizations, and other instruments or documents as such bank or banks may require and as shall be necessary or appropriate to carry out the intent and accomplish the purposes of this resolution; and that copies of any banking resolutions so executed shall be inserted in the minute book of this Corporation;

Applications for Authority – Forced d/b/a Name

RESOLVED, that the Corporation hereby adopts the name IDS Telcom Corp. of Delaware for use in the States of Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina and Tennessee, and others as may become necessary, where the Corporation's actual entity name is not available for its use, for all purposes, and further resolved that the officers of the Corporation are authorized and directed to take all steps that they deem necessary and appropriate to qualify the corporation to do business within the aforementioned states under the name IDS Telcom Corp. of Delaware.

Ratification

RESOLVED, that all actions taken and all agreements, instruments and documents executed, delivered and filed to date by the officers of the Corporation in furtherance of the foregoing resolutions, including the hiring of officers, employees and consultants, be, and they hereby are, authorized, ratified, approved and confirmed in all respects.

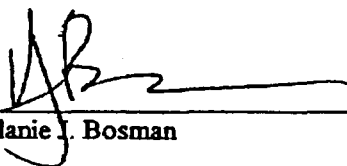
RESOLVED, that the Authorized Officers be, and each of them with full authority to act without the others, hereby is, authorized, empowered and directed for and on behalf of the Corporation to take or cause to be taken any and all action, to execute and deliver any and all agreements, certificates, filings, instructions, requests or other instruments or documents, and to do any and all things which, in his or her judgment, may be necessary or desirable to effect each of the foregoing resolutions and to carry out the purposes thereof, the taking of any such action, the execution and delivery of any such agreements, certificates, filings, instructions, requests or other instruments or documents, or the doing of any such things to be conclusive evidence of their necessity or desirability;

RESOLVED, that a copy of this Written Consent be filed in the Minute Book of this Corporation pursuant to Section 141(f) of the Delaware General Corporation Law; and

The action taken by this Written Consent shall have the same force and effect as if taken by the undersigned at a special meeting of the Board of Directors of the Corporation, duly called

and constituted pursuant to the Bylaws of the Corporation and the Delaware General Corporation Law.

IN WITNESS WHEREOF, the undersigned, being the sole director of the Corporation, has executed this Consent as of the day and year first above written.



Melanie J. Bosman



**Trey Grayson
Secretary of State**

Certificate of Authorization

I, Trey Grayson, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

**IDS TELCOM CORP.
adopting, in Kentucky, the fictitious name of
IDS TELCOM CORP. OF DELAWARE**

, a corporation organized under the laws of the state of Delaware, is authorized to transact business in the Commonwealth of Kentucky, and received the authority to transact business in Kentucky on January 28, 2005.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that an application for certificate of withdrawal has not been filed; and that the most recent annual report required by KRS 271B.16-220 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 1st day of February, 2005.



Trey Grayson

Trey Grayson
Secretary of State
Commonwealth of Kentucky
BWeber/0604785 - Certificate ID: 10266

EXHIBIT C

Customer Notice Letter

**DRAFT
FORM OF NOTICE**

Dear Valued IDS Customers,

We are pleased to announce an asset purchase agreement between IDS Telcom, LLC and IDS Telcom Corp., a Cleartel Communications company. This agreement will become effective and IDS Telcom Corp. will become your service provider on or about March 31, 2005.

During the past twelve months we've worked hard to create new product offerings and streamline provisioning and customer service processes. The end result is a stronger communications company to serve you better.

There are several assurances we want to make to you, our highly valued customer. First, especially in today's marketplace, IDS Telcom Corp., a Cleartel Communications company is committed to meeting the highest possible customer service standards.

Second, we can assure you that the hundreds of fine employees at IDS Telcom Corp. are committed to providing our customers with the best in telecommunications quality and services. Additionally and perhaps most importantly, Cleartel has the experience and resources to ensure that IDS Telcom Corp. meets your telecommunications needs. Cleartel Communications is a national Competitive Local Exchange Carrier, operating in over twenty nine states. Our mission is providing exceptional value through superior customer support and advanced services.

It's also important for you to know:

- The services you have paid for will not be impacted as a result of this agreement.
- Your existing rates and charges will not be changed as a result of this transaction.
- You will still pay for/renew your services in the same way you do today

We recognize that you have the right to choose your telephone service provider. If you do choose another provider you may incur installation or carrier change charges. If you stay with Old IDS, however, you will not incur any such charges for the transfer to IDS Telcom Corp. Further, you will not need to take any action for the transfer to IDS Telcom Corp. to occur (Additionally we will maintain any preferred carrier freeze you may have).

If you have any questions about this notice or problems with your current service, please call IDS at 1-888-707-6500. To ensure a seamless transition of service, please note that IDS Telcom Corp. intends to keep that same number after the transition.

We appreciate your business and your commitment to IDS during this transitional time. The future looks bright as we move forward with new bundled local/long distance products, Internet services including web hosting and broadband internet solutions to residential and small business customers.

Sincerely,

IDS Telcom Corp.

IDS Telcom, LLC

P.S.C. Adoption Notice No. 1

ADOPTION NOTICE

IDS Telecom Corp. hereby adopts, ratifies, and makes its own, in every respect as if the same had been originally filed and posted by it, all tariffs and supplements containing rates, rules and administrative regulations for furnishing local exchange telecommunications services in the Commonwealth of Kentucky, filed with the Public Service Commission by IDS Telecom, LLC, and in effect on September 6, 2000.

This notice is issued on February 14, 2005, in conformity with Section 10 of P.S.C. Tariff administrative regulations adopted by the Public Service Commission.

Issued: February 14, 2005

Effective: March 16, 2005

Issued By: Scott Kellogg, Associate General Counsel & Asst. Sec.
IDS Telecom Corp.
2855 S. Congress Avenue
Delray Beach, Florida 33445

P.S.C. Adoption Notice No. 2

ADOPTION NOTICE

IDS Telecom Corp. hereby adopts, ratifies, and makes its own, in every respect as if the same had been originally filed and posted by it, all tariffs and supplements containing rates, rules and administrative regulations for furnishing interexchange telecommunications services in the Commonwealth of Kentucky, filed with the Public Service Commission by IDS Telecom, LLC, and in effect on September 6, 2000.

This notice is issued on February 14, 2005, in conformity with Section 10 of P.S.C. Tariff administrative regulations adopted by the Public Service Commission.

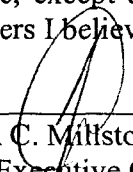
Issued: February 14, 2005

Effective: March 16, 2005

Issued By: Scott Kellogg, Associate General Counsel & Asst. Sec.
IDS Telecom, Corp.
2855 S. Congress Avenue
Delray Beach, Florida 33445

VERIFICATION

I, Joseph C. Millstone, declare under penalty of perjury that I am Chief Executive Officer of IDS Telcom, LLC, a Party in the subject proceeding; that I am authorized to make this verification on the Party's behalf; that I have read the foregoing filing and know the contents thereof; and that the same are true of my own knowledge, except as to the matters which are therein stated on information or belief, and as to those matters I believe them to be true.

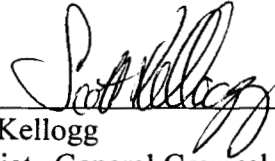


Joseph C. Millstone
Chief Executive Officer
IDS Telcom, LLC

Dated: 2/01/05

VERIFICATION

I, Scott Kellogg, declare under penalty of perjury that I am Associate General Counsel and Assistant Secretary of IDS Telcom Corp., a Party in the subject proceeding; that I am authorized to make this verification on the Party's behalf; that I have read the foregoing filing and know the contents thereof; and that the same are true of my own knowledge, except as to the matters which are therein stated on information or belief, and as to those matters I believe them to be true.



Scott Kellogg
Associate General Counsel and
Assistant Secretary
IDS Telcom Corp.

Dated: 1/27/05